

Fiscal Impact Statement for Initiative 1163

Current law requires increased mandatory training, background checks and certification for long-term care workers, depending on worker classification, beginning Jan. 1, 2014. Initiative 1163 would require the training, background checks and certification for long-term care workers to begin Jan. 7, 2012, but delay these requirements for community residential providers until Jan 1, 2016. For the long-term in-home care program, administrative costs are capped and performance audits with additional fraud investigators are required. Over six fiscal years, costs are estimated to increase \$31.3 million and revenue from the federal government and fees is estimated to increase \$18.4 million.

General Assumptions

The Washington State Office of Financial Management, in consultation with the Washington State Department of Social and Health Services (DSHS) and Department of Health (DOH), developed a model to estimate the costs and expenditures of implementing increased mandatory training, background checks and certification for long-term care workers. This model was first developed for the fiscal impact statement for Initiative 1029, passed in 2008, and subsequently used for fiscal notes on legislation, including Engrossed Substitute Senate Bill 6180 (2009) and Engrossed Substitute House Bill 1548 (2011). This statement uses this model updated to the June 2011 Caseload Forecast Council forecast (forecast).

The following assumptions are used to measure fiscal impacts:

- Estimates are described using the state's fiscal year (FY) of July 1 through June 30.
- The initiative applies prospectively with an implementation date of Jan. 7, 2012.
- Current law directs that increased mandatory training, background checks and certification for long-term care workers begin Jan. 1, 2014. The initiative would require training, background checks and certifications to begin Jan. 7, 2012, but delay the requirements for workers who are community residential service providers to Jan. 1, 2016. Revenues, expenditures and costs already assumed to begin Jan. 1, 2014, are netted against revenues, expenditures and costs generated from the initiative.
- Increased mandatory training, background checks and certification requirements vary by type of long-term care worker:
 - Beginning Jan. 7, 2012, workers who care for the elderly or persons with disabilities are required to complete 75 hours of mandatory training (up from 35 hours), background checks and certification. The training includes five hours of basic safety information and orientation that must be completed before the worker begins employment. The remaining 70 hours must be completed within 120 days of the worker being hired and can include 12 hours of structured peer mentoring.
 - Beginning Jan. 7, 2012, workers hired as individual providers who care for their own elderly or disabled parent or child, or individual providers who work 20 hours or less per month are required to complete increased mandatory training (the amount varies), background checks and certification requirements.
 - Beginning Jan. 1, 2016, workers who are community residential providers (supported living providers) are required to complete 75 hours of mandatory training (up from 35 hours), and background checks, but do not require certification.
 - All workers are required to complete 12 hours of continuing education courses each year to maintain certification. DSHS must offer, but not require, advanced training to long-term care workers.

- The number of workers who would receive training was developed using the June 2011 Caseload Forecast Council estimate of the number of long-term care clients.
- Current wage information was used as the basis for wage costs, with no inflationary increases included.
- The initiative does not trigger changes to the collective bargaining agreement reached between the state and the exclusive bargaining representative of long-term care workers. Therefore, no fiscal impact is assumed.
- No revenue, cost, expenditure or indebtedness impacts are assumed for local governments.
- There is no state debt associated with long-term care worker training and background check requirements. Therefore, state fiscal impacts are limited to revenues, costs and expenditures.

State Revenue Impacts

The following table shows estimated revenues by fiscal year factoring in new revenue, revenues already assumed in the forecast, and reduced revenue from the delay of training and background checks for community residential providers. Estimates contained in parentheses (\$XXX) represent a net revenue reduction.

Fiscal Year	2012	2013	2014	2015	2016	2017	REVENUE
Federal Funds	\$3,786,000	\$7,706,000	\$2,745,000	(\$3,385,000)	(\$1,583,000)	\$218,000	\$9,487,000
Fees	\$717,000	\$2,027,000	\$2,265,000	\$1,699,000	\$1,274,000	\$955,000	\$8,937,000
TOTAL	\$4,503,000	\$9,733,000	\$5,010,000	(\$1,686,000)	(\$309,000)	\$1,173,000	\$18,424,000

Some training costs are eligible for 50 percent matching funds from the federal government. The net increase in revenue from the federal government is estimated at \$9.5 million over six fiscal years.

Fees would be paid by long-term care workers applying for certification or renewing their certification. Assuming a \$60 certification fee, the net increase in revenue from fees is estimated at \$8.9 million over six fiscal years.

The initiative directs the state to develop a plan to cap administrative expenses of the long-term in-home care program to 10 percent of taxpayer spending by Jan. 1, 2014. No fiscal impacts are assumed from this portion of the initiative. Based on FY 2011 expenditures, administrative expenses are currently estimated to be 9.9 percent of taxpayer spending using the following assumptions:

- Administrative costs are assumed to mean overhead costs billed as administrative match to the federal Centers for Medicare & Medicaid Services.
- Tax spending is assumed to mean expenditures funded from the State General Fund.
- The term “direct care” is assumed to mean any funds paid to qualified providers of long-term care services, including wages for hands-on workers and any of the provider’s related overhead costs.
- The long-term in-home care program is assumed to mean providers of personal care as well as most forms of community-based care, including adult family homes and boarding homes. The definition does not include costs outside of DSHS’ in-home program, such as DOH’s certification work.

State Expenditures and Costs

The following table shows estimated costs by fiscal year factoring in new costs, costs already assumed in the forecast, and reduced costs from the delay of training and background checks for community residential providers. Estimates contained in parentheses (\$XXX) represent a net cost reduction.

Fiscal Year	2012	2013	2014	2015	2016	2017	COSTS
DSHS Costs	\$8,935,000	\$17,792,000	\$6,093,000	(\$7,593,000)	(\$3,571,000)	\$449,000	\$22,105,000
DOH Costs	\$1,841,000	\$2,588,000	\$1,654,000	\$355,000	\$357,000	\$294,000	\$7,089,000
State Auditor Costs	\$235,000	\$595,000	\$320,000	\$320,000	\$320,000	\$320,000	\$2,110,000
TOTAL	\$11,011,000	\$20,975,000	\$8,067,000	(\$6,918,000)	(\$2,894,000)	\$1,063,000	\$31,304,000

Department of Social and Health Services Expenditure and Cost Assumptions

DSHS would be required to approve the mandatory training curriculum, including continuing education and advanced training. DSHS would obtain background checks, including fingerprints, at no cost to the worker. Workers would be paid wages for the time they attend required training classes. Costs are also assumed for administrative staff, rule-making activities, information technology changes and contract administration. The combined net cost of these expenditures is estimated to be \$19.6 million over six fiscal years.

Department of Health Expenditure and Cost Assumptions

DOH would certify workers who complete the required training and pass a background check within the first 150 days of employment. Workers would not be paid for the time spent taking the certification exam. The combined net cost of these expenditures is estimated to be \$7.1 million over six fiscal years.

Performance Audit and Fraud Prevention Expenditure and Cost Assumptions

The initiative directs the Washington State Auditor's Office to conduct performance audits of the long-term in-home care program biannually, which is assumed to be twice per year. Assuming the term "long-term in-home care program" has the same meaning as used in State Revenue Impacts above, the Auditor's Office estimates it will need three full-time auditors and incur travel and other costs to conduct the audits. This cost is estimated to be \$2.1 million over six fiscal years.

The initiative directs the state to hire five additional fraud investigators as part of the performance auditing process. Assuming the investigators will be hired by DSHS, this cost is estimated to be \$2.5 million over six fiscal years.